

Committee on Resources

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**Statement of Chairman Richard W. Pombo
Committee on Resources
Oversight Hearing on Minimum Internal Control Standards for Indian Gaming
May 11, 2006**

The purpose of today's hearing is to examine the status of minimum internal control standards for Indian gaming. In 1999, the National Indian Gaming Commission crafted a final rule providing for an objective set of detailed standards that all tribes with class II or class III casinos must meet or exceed in running their day-to-day gaming operations.

These standards, also known by the acronym "MICS," cover everything from security surveillance to the handling of coins by cashiers. The Commission has argued that the purpose of MICS is to protect and preserve the integrity of Indian gaming, both for the benefit of tribal members and for a casino's patrons. The Commission conducts audits and investigations of gaming facilities to ensure compliance, and penalize violations.

A number of tribes, however, questioned the legality of MICS as applied to class III casinos. They argued that the Indian Gaming Regulatory Act of 1988 did not vest the National Indian Gaming Commission with powers to implement and enforce standards for class III casinos. They also said that Congress intended such matters to be handled by tribes and states through their negotiated compacts. In arguing their case, tribes point to the large amount of money they spend on protecting the integrity of their operations. They recognize that secure and clean operations are critical to the economic future of their members.

Last summer, in a case filed by the Colorado River Indian Tribes, the U.S. District Court for the District of Columbia declared the Commission's regulations to be unlawful as applied to class III gaming.

This brings us to our hearing today. It's important for Members of the Committee to understand why the Commission believed why it had the statutory authority for implementing MICS, to hear the tribal point of view, and to obtain an update on what tribes are doing to maintain secure gaming operations.

Today's witnesses should cover all perspectives and I look forward to hearing from them.